



Director of  
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Intelligence

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25X1

**Page Denied**

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25X1

Contents

Nicaragua–El Salvador: Guerrilla Problems .....	1	25X1
<div></div>		
Warsaw Pact: Meeting of Defense Ministers .....	3	
<div></div>		
France-Nicaragua: Concern About US Policy .....	6	
Costa Rica–US: Problems With Engineering Project .....	7	
Brazil: Continuing Loan Difficulties .....	7	
<div></div>		
South Africa: Possible Terrorst Campaign .....	8	25X1
Norway: Deferring the Nuclear Debate .....	9	
Yugoslavia: Steps Toward Refinancing .....	9	
 Special Analysis		
Syria-Lebanon: Syria’s Military Position .....	10	

25X1



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10 December 1983

25X1

**Top Secret**

25X1

**NICARAGUA-EL SALVADOR: Guerrilla Problems**

*An apparent reduction in Nicaraguan support for the Salvadoran insurgents may be forcing them to modify their strategy.*

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**Comment:** There is no evidence to date of any significant reduction in arms resupply,

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A substantial and sustained reduction in Nicaraguan support could seriously jeopardize insurgent plans for a possible new offensive in eastern El Salvador and for expanding guerrilla control and setting up local governments in the area.

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The guerrillas can carry on without external command and control, although they probably are seeking new sanctuaries for some political leaders in Mexico and other nearby countries. They would be hard pressed to sustain major new offensives, however, if they did not find alternative sources of resupply.

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The insurgents have been generally unsuccessful in efforts to unify their various factions. Problems arising from resupply and other difficulties may push some insurgents toward greater cooperation, but tactical preferences and ideological differences among their leaders indicate that consolidation is unlikely in the near term. Moreover, the lack of cohesion in other insurgent movements in Central America suggests that broader cooperation among regional revolutionaries will remain elusive.

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25X1

10 December 1983

**Page Denied**

**Top Secret**

25X1

**WARSAW PACT: Meeting of Defense Ministers**

*Soviet plans for ostensible military countermeasures to NATO's INF deployments apparently encountered some resistance from the East Europeans at the Warsaw Pact Defense Ministers' meeting in Sofia.* [ ]

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[ ] the USSR urged its allies to increase defense spending and pressed Bulgaria to provide basing for Soviet nuclear missiles. Bulgaria reportedly argued that such deployments would be inconsistent with its proposal for a nuclear-weapons-free zone in the Balkans—a proposal that Moscow has publicly endorsed in the past. [ ]

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Soviet, Bulgarian, Polish, and Romanian commentaries on the meeting imply that there were basic disagreements. After the meeting, the Romanian press repeated earlier calls for the Soviets as well as the US to halt new deployments of nuclear missiles and to resume the INF negotiations. [ ]

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**Comment:** The USSR may still be urging that it be allowed to deploy missiles in Bulgaria and possibly Poland. A Soviet defense delegation led by Defense Minister Ustinov remained in Sofia after the meeting for bilateral discussions with the Bulgarians, which the Romanians believe concern missile deployments. [ ]

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The Soviets presumably want to demonstrate solidarity by the Warsaw Pact comparable to that in NATO as the latter proceeds with US Pershing II and cruise missile deployments. They may also be responding to Prague's concerns that limiting the counterdeployment to Czechoslovakia and East Germany is contributing to public opposition to its participation in Soviet countermeasures. [ ]

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A TASS report of Ustinov's discussions with the Bulgarians indicates continuing disagreement over Sofia's participation in Soviet countermeasures. The Bulgarians almost certainly have argued strongly that such missile deployments, with accompanying Soviet troops, would adversely affect Greek attitudes and drive Yugoslavia closer to the West. [ ]

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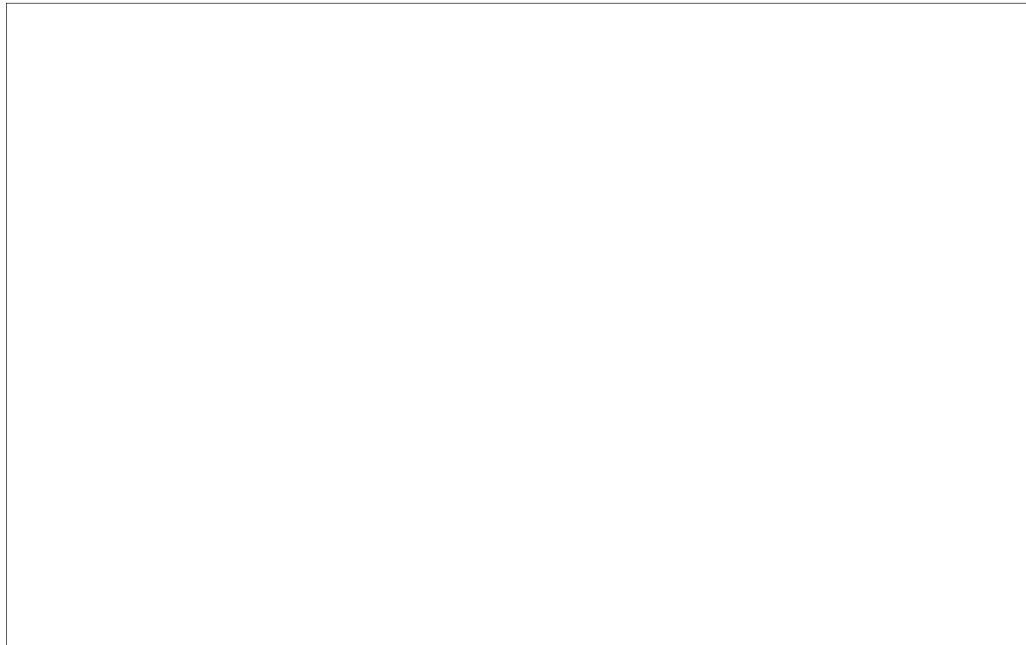
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**FRANCE-NICARAGUA: Concern About US Policy**

The US Embassy in Paris reports that the French have concluded that recent conciliatory gestures from Managua are genuine and that the US should respond. The French Ambassador in Washington has told US officials that, if the US does not take this opportunity to encourage what Paris sees as signs of moderation in Nicaragua, France will "feel free to form its own judgments" of US policy in Central America. [REDACTED]

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**Comment:** The Ambassador's remarks apparently were intended to warn that France might resume open criticism of US policy in Central America. The French remain uncertain about the direction of political developments in Nicaragua, but they may increase their development aid substantially if they judge that the Sandinistas are making progress toward democracy. [REDACTED]

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[REDACTED] Although France probably will not resume arms sales to Nicaragua, it is reassessing nonmilitary assistance. [REDACTED]

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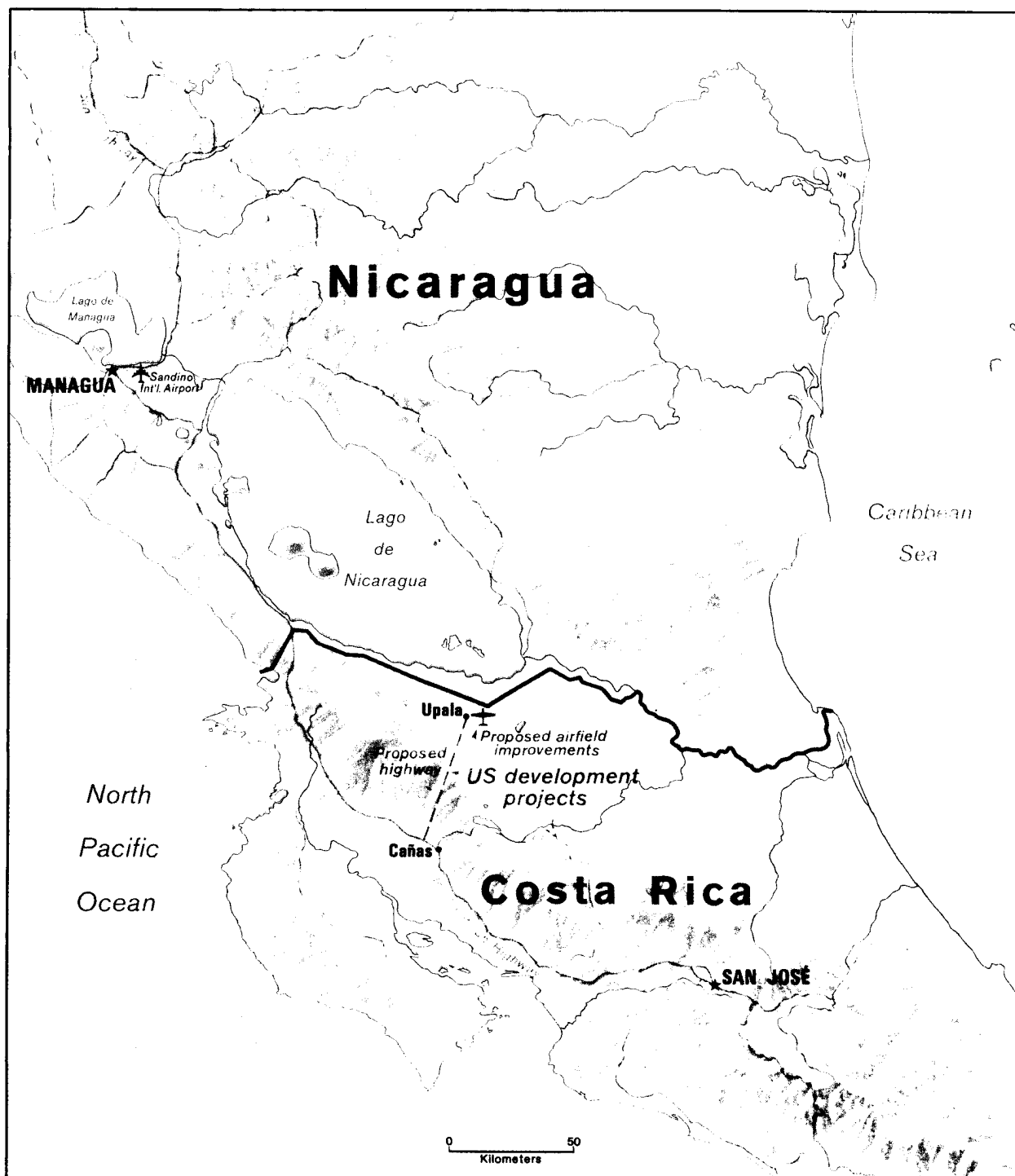
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**Top Secret**

10 December 1983

25X1

**Top Secret**

25X1

**COSTA RICA-US: Problems With Engineering Project**

President Monge apparently remains committed to a US-sponsored civic action program for improving a road and airport in northern Costa Rica, despite increased domestic criticism. US Embassy sources say officials have been trying to assuage public concerns that the project—which would involve up to 1,000 US Army National Guard engineers—will be a military operation. Monge reportedly may urge that some alterations be made in the proposal, however, including the substitution of Navy Seabees for some Army National Guard personnel and the inclusion of some Latin American military advisers. He has set no firm date for the project to begin.

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**Comment:** Conflicting statements by Costa Rican and US officials about the military aspect of the project have turned it into a major political issue. The project depends on Monge's ability to stress its economic benefits and to reassure local critics that the presence of US Army personnel will not jeopardize the country's neutrality or pose a threat to Nicaragua. Leftist elements in the President's own party may force him to delay the project by several months, however, or at least until the controversy subsides.

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**BRAZIL: Continuing Loan Difficulties**

Brazil's new financial rescue package may not be completed in time to prevent another foreign exchange emergency.

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**Comment:** Recourse to short-term loans probably will enable Brazil to pay its overdue debts by the end of the year and avoid being declared in default. The financial rescue package cannot be completed until bankers commit another \$300 million to the \$6.5 billion package, however, and new disbursements are likely to be delayed until late in the first quarter. Failure to receive new credits at a time when export earnings usually are low and debt service payments high almost certainly will cause many debts to go unpaid.

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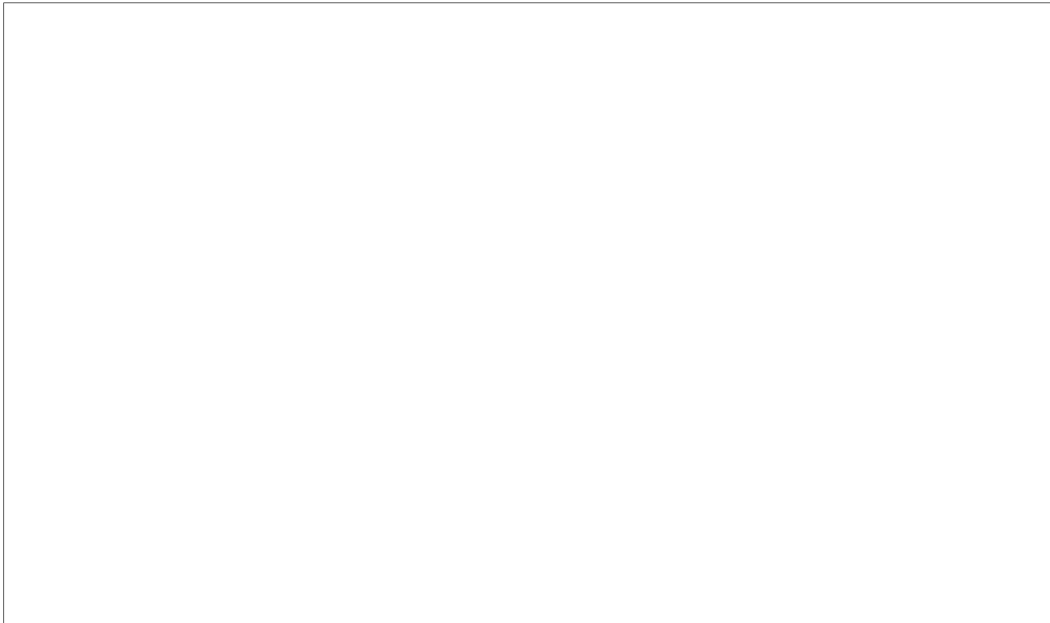
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#### **SOUTH AFRICA: Possible Terrorist Campaign**

Two terrorist attacks this week may indicate the beginning of a bombing campaign by the African National Congress. According to press reports, a bomb damaged government offices in Johannesburg on Wednesday, and a day later a second destroyed part of a railyard near a provincial capital. There were no fatalities, and thus far no one has claimed responsibility for either incident.

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**Comment:** The ANC, which probably is responsible for the bombings, usually times its attacks to magnify their political impact. More such bombings may be imminent, because there are two important anniversaries next week—the founding of the ANC's military wing and an Afrikaner national holiday. Intensified bombings or a single spectacular incident almost certainly would provoke a retaliatory raid by the South Africans against ANC targets in Mozambique or other neighboring states.

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**NORWAY: Deferring the Nuclear Debate**

The parliament yesterday avoided a potentially divisive vote by referring to committee the opposition Labor Party's resolution supporting a nuclear freeze. The government coalition—including those representatives of the Center Party and the Christian People's Party who have voted against the government in past referendums on security issues—solidly supported deferring the question. [ ]

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**Comment:** When the parliament reconvenes in January, the issue probably will be debated in connection with the government's long-delayed report on security and disarmament. Sympathy within the smaller coalition parties for international efforts to halt the arms race still could force the government to accept a general statement of principal that does not directly oppose NATO nuclear arms policy.

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**YUGOSLAVIA: Steps Toward Refinancing**

Several sources of the US Embassy say Western bankers have offered to refinance Yugoslavia's commercial debt that matures in 1984, extending the payments over a term of seven years with four years' grace. A 90-day moratorium on payments beginning on 1 January has been granted to give Yugoslavia and its private and official creditors time to work out the package. The bankers rebuffed the IMF request that new loans of \$300 million to \$400 million be made, on grounds that Yugoslavia does not need new money in 1984.

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**Comment:** Completion of the package will depend on conclusion of an IMF standby agreement and a refinancing agreement with Western governments. IMF negotiations apparently will not be completed until January at the earliest, and final arrangements could be substantially delayed if the Fund continues to insist on new loans for Yugoslavia. Government creditors meeting next month are likely to offer refinancing terms, but some may be reluctant to extend new export credits. [ ]

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## **Special Analysis**

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### **SYRIA-LEBANON: Syria's Military Position**

*The Syrians' stated intention to continue firing on US reconnaissance aircraft over central Lebanon reflects their confidence in their strong military position in the country. Syria probably believes the onset of winter weather this month will protect its forces from a major US or Israeli attack. Damascus thus will continue to encourage its surrogates in Lebanon to challenge the Gemayel government.*

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The Syrians have nearly 55,000 troops in Lebanon, almost twice as many as they had there before the Israeli invasion last year. About 14,000 troops are in the Matn region, which is within artillery range of Beirut.

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The forces in the Matn consist of an artillery brigade, two infantry brigades, and probably two regiments of special forces commandos. They are equipped with about 70 major artillery pieces, 80 tanks, and 20 to 25 armored personnel carriers.

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The bulk of Syria's military strength in Lebanon—about 35,000 troops—is located in the Bekaa Valley opposite the Israelis. These forces, the equivalent of two reinforced armored divisions, have approximately 325 artillery pieces, 800 tanks, and 500 armored personnel carriers.

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In northern Lebanon, another 5,000 troops, consisting mostly of special forces commandos supported by a battalion of artillery and some armor, are around the port city of Tripoli. They are now supporting the PLO dissidents. The Lebanese Army claims that in September these troops shelled the Lebanese Air Force airstrip near Jubayl.

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The current level of Syrian forces in Lebanon was reached by the end of 1982. Since then, it has remained essentially unchanged.

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Syrian troops in Lebanon are protected from low-altitude air attack by an elaborate air defense network. This consists of anti-aircraft artillery and short-range SA-7 and SA-9 surface-to-air missiles in Lebanon, and an array of short-, medium-, and long-range surface-to-air missiles—SA-2s, SA-3s, SA-6s, and SA-8s—in Syria along the border.

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Syrian aircraft actively patrol the Syrian border and recently have entered Lebanese airspace only on reconnaissance missions. They might try to protect Syrian troops in Lebanon from air attack, but they would be largely ineffective and would pose little threat to US or Israeli air operations. [REDACTED]

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### **Soviet Support**

Moscow has demonstrated its support for Damascus by setting up the Soviet-manned SA-5 sites in Syria, by replacing equipment lost during the conflict with the Israelis in June 1982, and by providing substantial amounts of advanced military hardware. Such support has given Syria the confidence to pursue a tough policy in Lebanon. [REDACTED]

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The Soviets also have provided technical assistance to Syrian forces in Lebanon. [REDACTED]

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### **Syrian Capabilities**

The Syrian military presence in Lebanon enables Damascus to put pressure on the Lebanese Government, both directly and through its surrogates. Syrian forces in the Bekaa Valley and in the Matn region provide vital logistic support for the factional militias opposing the government. If necessary, Syrian troops and artillery can counter any attempts by government or Christian militia forces to subdue the pro-Syrian groups. [REDACTED]

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The Lebanese Army, even with artillery support from contingents of the Multinational Force, could not dislodge Syrian forces from their strategic position in the Matn. Christian militia forces could harass the Syrians, but they could not inflict major damage on them. Moreover, Christian leaders probably would be reluctant to challenge Syrian forces because of the likelihood of Syrian reprisals against Christians in Syrian-controlled territory. [REDACTED]

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### **Outlook**

Only a major campaign by the Israelis could drive the Syrians out of Lebanon. Such a campaign would require at least 50,000 Israeli troops, five times the number currently in Lebanon. Moreover, winter weather in Lebanon will make it extremely difficult to conduct air and ground operations there during the next five months. [REDACTED]

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In the absence of massive Israeli pressure, Syria will continue its military hard line in Lebanon. This will in turn allow Damascus to preserve indefinitely its leverage with the Lebanese factions. [REDACTED]

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